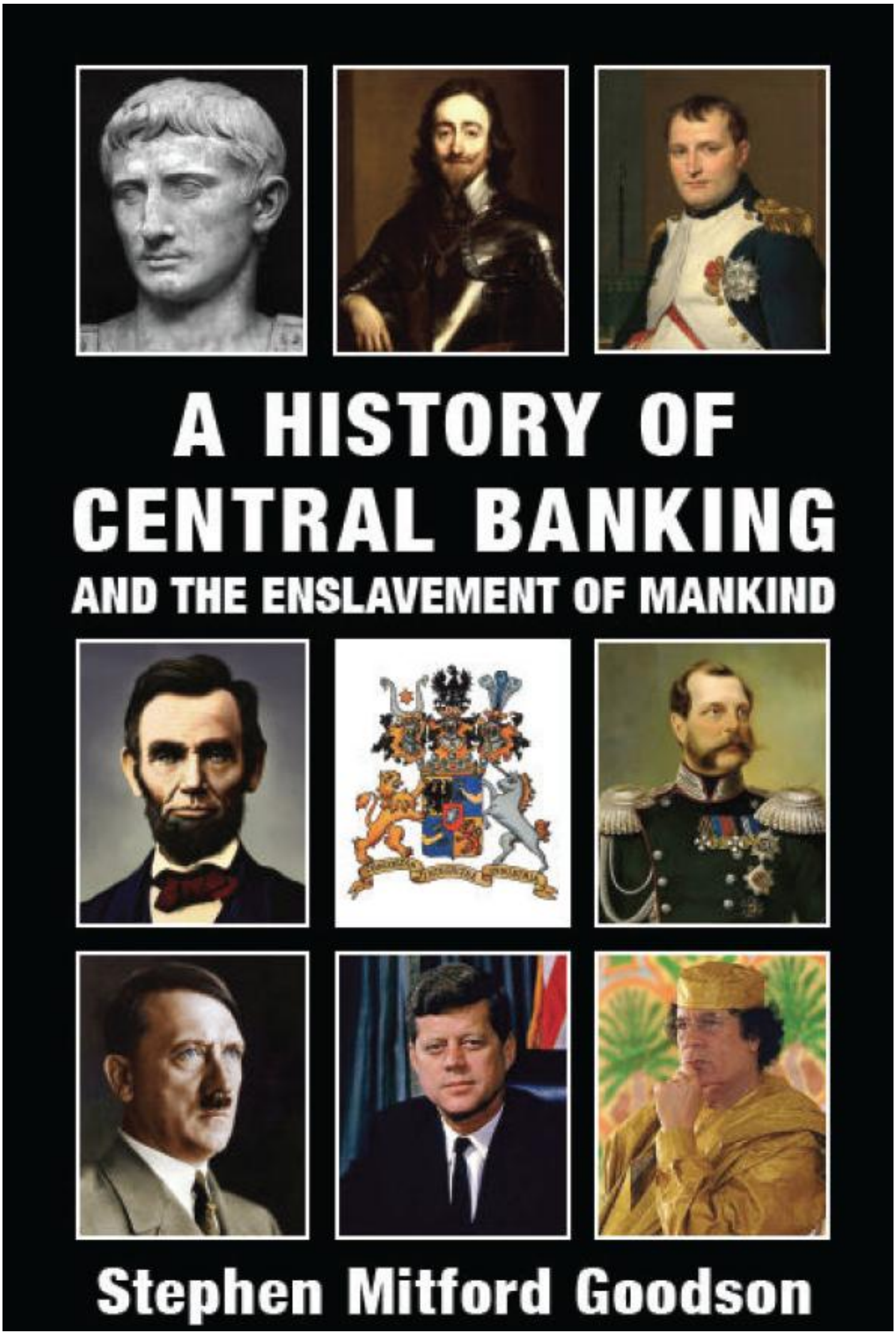
ADELAIDE INSTITUTE

PO Box 3300
Adelaide 5067
Australia
Mob: 61+401692057
Email: info@adelaideinstitute.org
Web: http://www.adelaideinstitute.org

Online
ISSN 1440-9828

November 2014 No 818



...but before we get into the latest from an economic realist, let's read what the traditionalists have to say:

***

Escaping the dollar: Michael Hudson and Leo Panitch debate BRICS

July 19, 2014

Is the New BRICS Bank a Challenge to US Global Financial Power? Michael Hudson and Leo Panitch discuss and debate the significance of the new international development bank created by Brazil, Russia, India, China and South Africa.

Michael Hudson is a Distinguished Research Professor of Economics at the University of Missouri, Kansas City. His two newest books are *The Bubble and Beyond* and *Finance Capitalism and its Discontent,* available on Amazon.

Leo Panitch is the Canada Research Chair in Comparative Political Economy and a distinguished research professor of political science at York University in Toronto. He is the author of many books, the most recent of which include UK Deutscher Memorial Prize winner *The Making of Global Capitalism: The Political Economy of American Empire* and *In and Out of Crisis: The Global Financial Meltdown and Left Alternatives*. He is also a co-editor of the *Socialist Register*, whose 2013 volume is entitled *The Question of Strategy*.

***

PAUL JAY, SENIOR EDITOR, TRNN: Welcome to *The Real News Network*. I'm Paul Jay in Baltimore.

Will a new international bank challenge American global financial hegemony? Well, at recent meetings in Brazil, the five BRICS countries–that's Brazil, Russia, India, China, and South Africa–have created a new international bank called the NDB or New Development Bank, and it's been given $50 billion in initial capital. The BRICS bank works on an equal-share voting basis, with each of the five signatories contributing $10 billion. The capital base is used to finance infrastructure and, quote, sustainable development projects in BRICS countries initially, but other low- and middle-income countries will be able to buy in and apply for funding.

BRICS countries have also created a $100 billion contingency reserve arrangement (CRA), meant to provide additional liquidity protection to member countries during balance-of-payments problems and other financial shocks. The CRA, unlike the pool of contributing capital to the BRICS bank, which is equally shared, is being funded 41 percent by China, 18 percent by Brazil, India, and Russia, and 5 percent from South Africa.

The new bank is being described as a challenge to the IMF and the World Bank, that is, a challenge to American global financial power. But is it, as Vijay Prashadwrote, neoliberalism with southern characteristics?

Now joining us to discuss all of this first of all, in Toronto, is Dr. Leo Panitch. He's the Canada research chair in comparative political economy and a distinguished researcher professor of political science at York University. He's the author of *The Making of Global Capitalism: The Political Economy of American Empire*.

And also joining us is Michael Hudson.

Michael, are you in New York?

MICHAEL HUDSON, PROF. ECONOMICS, UMKC: Yes, I am.

JAY: You're in New York.

Michael, joining us from New York, is a distinguished research professor of economics at the University of Missouri-Kansas City. Newest book is two newest books: *The Bubble and Beyond* and *Finance Capitalism and Its Discontents*.

Thank you both for joining us.

LEO PANITCH, PROF. POLITICAL SCIENCE, YORK UNIV.: Glad to be here, Paul.

JAY: So, Michael, kick us off. How significant a development is this?

HUDSON: I think it's much more significant than the press has said. The press treats it almost as if, well, they're very small, and what do these countries have in common? At the most optimistic, the BRICS will do on the government level what Occupy Wall Street has been advocating.

When they say a new development bank, they don't mean they want to be like the World Bank or the IMF. They want a different kind of development.

But also it's not only a development bank, but it's the $100 billion currency clearing system. They've been driven into a mutual economic defense alliance by the U.S. sanctions against Russia, and by threats against China, not letting it invest in the U.S. on national security grounds. They've forced other countries really into "Let us do whatever we want with you, there is no alternative, and we're going to do to you what we did to Ireland and Greece." And that's it.

Well, basically what the BRICS are saying in their new bank and their clearing house is, yes, there is an alternative. We don't have to be like neoliberalism. Their critique of the World Bank and the IMF isn't that they're not given big enough quotas; it's that they disagree with the philosophy of the World Bank and the IMF subsidizing economic dependency, food dependency, and anti-labor parties that result in budget deficits. Then governments are told, well, in order to finance your foreign debt and your budget deficit, you have to sell off your water, your natural resources, your privatization. The BRICS banks are not going to go to the member countries and saying, you have to sell off your water supply and raise prices in order to pay us.

JAY: Right. Let me bring Leo in here.

So, Leo, what do you make of Michael's take? How significant is all this?

PANITCH: Well, I think it's very significant, and it is designed to give these large developing capitalist countries more room for maneuver vis-à-vis the American state and the European Central Bank and the IMF and the World Bank. But I think the significance he's attaching to it is remarkably overblown. There's no evidence that their purposes are indeed not to apply conditionality to loans. There's loads of evidence with the nonoperationability of the Bank of the South, which was the bank created in Latin America that the Brazilians–which have made it nonoperational by insisting it be a very conventional development bank which in fact goes to the markets and therefore is constrained by the markets in terms of interest rates to be charged, etc., conditionalities, as opposed to Bolivia and Venezuela that wanted it to operate on very different, not market principles. The Brazilians don't want that and don't want it for the new bank. And I don't think it's just a matter of the Brazilians.

The Chinese don't want it either. There's a much deeper factor why it's not so significant, although it does give them some room for maneuver in their operations. But the main reason is that it's embedded in countries, even with China, that don't have the very, very, very–as Michael knows very well–deep financial markets that is needed for this kind of bank to play that kind of role.

JAY: Okay. Leo, hang on one second. That's sort of a second point. Let Michael respond to your first point. Your first point is that this is not something against a neoliberal strategy; this is some independent maneuver of countries that do work within a neoliberal strategy. So what do you make of that?

PANITCH: Well, let me just to emphasize that look at who was just elected as the government of India. Look at the extent to which even the Workers Party has been keen to integrate further into global capitalism.

Let's look at the way in which China has just begun to remove some of its financial restriction. And let's look at what the ANC now represents. So, sure, they want more room for maneuver, but within the framework of buying into capitalist globalization and being extremely dependent on it.

JAY: Okay, Michael, you can respond.
HUDSON: Neoliberalism is not simply an economic philosophy. It's interwoven with American foreign policy. Take the case of Ireland when it bailed out the banks a few years ago. Europe was coming to an agreement, and the IMF also, with Ireland to write down the debts until Tim Geithner called from the Treasury and said, wait a minute, you can't write down the debts, because American banks have written credit default insurance, and American banks will take a bath because we've be that Ireland will pay; so don't bail it out. So Europe and Ireland both surrendered and said, okay, we're going to follow you. Same thing in Greece. The IMF even got into an argument with the E.U., saying, you can't be that bad against Greece, you can't really force it into so deep a recession. The U.S. got on the phone and said, wait a minute, the American banks have written default insurance. You can't write it down.
If you do, we're all going to have to pay through the nose, and we're not going to take the loss. So at issue isn't bank profits or capitalism; it's specifically the United States. **And it's the United States that has the veto on the IMF, theUnited States that has the veto on the World Bank.** [Emph added-ed.AI]
And basically I think what's motivated the BRICS, these countries together, is they have one thing in common: they're all under attack by the United States economically, and in Russia's case militarily, with sanctions. And so what Russia is trying to do is say, look, right now the United States can make a threat against us. They can say, if you don't do what we want militarily or politically or economically, we can block your currency payments, we can block the banks, and we can strangle you.
So what Putin in his press conference for the BRICS said was that we're not putting in dollars into these banks, we're putting in our own currencies, and the loans will be made in our own currencies. And the fact is that governments can create as much of their own currency as they want. They don't have to go to the market in principle.
Now, what Leo says is absolutely true. If Brazil, which is still run pretty much by the banks, insists in having the banks go to the market, then it will be tied in a knot. But if Russia, China, and the other countries use modern monetary theory and say, okay, our treasuries are going to print the money to develop and we don't need Wall Street, then you'll have a [crosstalk]
JAY: Okay, let Leo jump in. Leo, go ahead.
PANITCH: Well, Michael, if you were advising them they might, although there would there would be very, very heavy, as you would admit, sacrifices that they then would have to bear. But these are states that reflect their class structures, these are states that like the United States reflect powerful forces within it. And what you're proposing is not something that any of the dominant capitalists in any of these countries, whether, you know, foreign mining companies in South Africa or ambitious Chinese multinationals, want to happen.
Moreover, the notion that they're not interested in convertibility into American dollars–I mean those particular domestic capitalists in those countries–is absurd. Sure, Putin can spout off all he wants about the ludicrous notion of the ruble as an international reserve currency with none of the infrastructural capacity to make it such, but this is not a practical alternative. That's not to say it isn't designed to do is you say, to give them some both rhetorical and maybe institutional room for maneuver. But let's not overblow this, forheaven's sake.
HUDSON: There was no attempt by Russia to make the ruble a global reserve currency. What Russia wants to do is to nominate its trade in rubles, just as China's denominating its trade in yuan, so that the United States cannot use its banks to do what they've done in the case of Argentina and say, we can block any payment going through the banking system just like after the Shah was overthrown in Iran, Iran tried to pay its foreign debts, the new regime, and Chase Manhattan acted on behalf of the U.S. government and blocked Iran's payment, forcing it into default, causing a crisis.
Now, Iran is an observer member of the Shanghai Cooperation Organization that's part of the BRICS, and the whole attempt is to make an alternative, is to avoid the dollar. It's not to make the ruble an international currency; it's to get free of the dollar and hence free of the kind of sanctions that the United States has just escalated against Russia today, free of the monetary sanctions, and free of the ability of the U.S. to use the dollarized system as a political solution.
PANITCH: I know that's their objective. I don't disagree with you that that's their objective. I think we if we're assessing the significance of this, I think we have to assess the likelihood of this. We have to assess what the most powerful forces inside their own countries wanted this respect, how many eggs they're going to put in this basket, what is the capacity of these countries to operate outside of international financial markets in which the dollar–by which we really mean very powerful financial institutions headquartered in the West with the states that represent them–of continuing to exist.
HUDSON: You're right. This is a dialectic at work, and it's the dialectic between national interests and the vested interests within the country. You're seeing that in the United States right now over the Argentine crisis, where the banks and the Treasury Department and the White House all wanted the Supreme Court to overrule Judge Griesa's ruling about the debt defaults. And these class interests are themselves in conflict, and very often, just as American foreign policy has been captured by the neoliberals and neocons, this can hurt many of the most vested interests here, same thing in Russia and China. So it's a whole dialectic [crosstalk]
JAY: Michael, I want to just refocus this, 'cause the first part of the argument was whether the strategic objective of this bank is actually anti-neoliberal, 'cause it seems to me there's two different issues here. If they want to have more room for their own sovereign interests within this whole neoliberal financial system, that's one thing. It's another thing to say that they want that, plus they want that to avoid things like structural readjustments and all the various privatizations and attack on Social Security net and lowering wages. I mean, it seemed to me at the beginning you were suggesting they want to go against those kinds of policies, and Leo asked or said there's no evidence of that. So what's the evidence of that?
HUDSON: If you read Putin's press conferences that he has given explaining his aims – and they're available on Johnson's Russia List that has both his and Lavrov's, the foreign minister's comments – you see that they've spelled this out exactly, that the neoliberalism is not only privatization, but it's the idea that what's really at issue is are economies going to be planned by Wall Street and financial interests, or are they going to be planned by governments,–
PANITCH: Come on.
HUDSON: –with a view towards raising living standards–.
PANITCH: Michael, no country has privatized more, no ruling class has privatized more than the oligarchy around Putin. They've taken that country's wealth and put it in their back pockets. And even if it is officially still owned by the states, it's in their back pockets. Let's not turn Putin and his cronies into the vanguard of a new socialist society, for heaven's sake.
HUDSON: I cannot argue with that, Leo. You're absolutely right.
PANITCH: It's very important we not do this.
HUDSON: The question is: what's the evidence that there is a break from the neoliberalism? I mean, another break that they've all said is, well, neoliberalism really means the dollar standard and it means lending money in dollars for imports. For instance, one of the things that the BRICS conference said was, we will be lending money in domestic currency. Now, that's very important, because the World Bank doesn't lend money in domestic currency. That means it doesn't lend money for land reform, for agriculture, for all of the expenses that are met domestically for labor to develop agriculture, todevelop industry. It only lends dollars, basically to buy U.S. exports of infrastructure, U.S. engineering exports–and

European. So making loans in domestic currencies for domestic development–for instance, China would love to see Latin America, instead of producing hard cash plantation crops, it would love to see it produce wheat and food. This would have a byproduct: it could feed itself, as Argentina's now doing, and it could export. So a shift [crosstalk] financing to wheat away from other things would be a big change.

PANITCH: Again, I don't know what evidence you have that China has not played an enormously massive role in producing export-oriented monocultures in South America. In fact, the Landless People's Movement, whose main theme is that, you know, we have such a massive population, we need a diversified agriculture to feed it, it doesn't target any longer the United States as imposing that upon Brazil, for heaven's sake! Brazil, sure, is looking for room for maneuver in terms of diversifying its exports by concentrating on monocultures, as is Argentina with soy, to be sent to China. I mean, I don't think that one should look at these ruling classes in the Global South with rose-colored glasses, even though we want to be able to recognize the extent to which the American state is indeed the imperial state governing, superintending this global capitalism, and we need to, of course, be critical of it. But that doesn't mean we need to be naive about what these other states are.

HUDSON: No, what I said is that the exports that China is trying to develop–and you're absolutely right; of course it's promoting exports to itself–are different from the kind of development exports the United States wants. Their economies are asymmetrical. The United States doesn't want food exports, because it wants the world to become dependent on American grain and American agriculture. That's been the basis of American foreign policy since World War II. So just shifting to grain and to food grains, as opposed to other cash crops, is something that at least in emergency thecountries will be able to feed themselves, which they're not able to do under the current system.

JAY: Okay. Leo, let's dig in a little further just how significant, this. Now, the size of the economies we're talking about are massive. My understanding is South-to-South trade is now larger than North-to-South trade by $2 trillion, and that's about a quarter of global trade. So is thepotential here of these countries seeking to build some kind of a more independent financial structure significant? I mean, you said earlier there's a deeper issue here, and I kind of cut you off. What's the deeper significance here?

PANITCH: Well, obviously, these are very important developing capitalist countries. Unfortunately, they're developing capitalist countries rather than developing socialist countries. That's what's happened even with the Workers Party in Brazil and the ANC and the South African Communist Party. All the more so it now happened with the right-wing-led India.

And it's happening with a vengeance with a Communist Party that is very venally turning its elite into a capitalist class. So it's a developing capitalist country. That's significant historically. It certainly undermines the old notion that capitalism was underdeveloping the Global South. The people used to blame the United States for that. We now see that there's a rapid development, which the United States has encouraged through free-trade and neoliberalism, very much so. That said, it'll be much more difficult to integrate those countries within the American empire than it was to integrate the former imperial countries of Europe and Japan, for reasons that have to do with the lack of military occupation, that have to do with differences in religion, culture, history, language, etc. That's certainly true and it's significant.

But the important thing that's going on now that's much, much more significant is the participation of these countries in guaranteeing, in the wake of this crisis through the G20 and through their very active cooperation in this, that thecrisis would not lead to the re-imposition of tariff protection, it would not lead to the imposition of and extension of capital controls, all of the things that occurred during the depression in the 1930s when there was a breakdown of capitalist globalization. These countries are opposed to this.

Now, insofar as we might see a break from Russia under pressure from the United States, that would take much more the form of a right-wing nationalism led by this Russian oligarchy than it would be something progressive, unfortunately, given the balance of forces in Russia.

But the main thing is that these countries are not getting off the capitalist globalization bandwagon. They're looking for more room for maneuver within it.

JAY: Okay. So, Michael, if I understand, your main argument is–in some ways it's not that different, in some respects, from what Leo was saying. You're not saying they're getting off the whole capitalist bandwagon. What you're saying they're doing is buying themselves a little more room interms of their foreign policy.

HUDSON: There is a very broad range over what they can do. And if you look at what is the most likely of common denominator, it's exactly what Leo said. The common denominator is it's their capitalists against the U.S. capitalists, it's their saying, what can we do to be free of the U.S. banks and Wall Street and the City of London and the financial extractive loans. At least the neoliberal plans today have gone beyond trying to finance infrastructure development. The financial system in the West is almost entirely extractive now, not productive. The capitalist class in the countries that Leo's mentioned want at least some bank to do some productive loans that they can benefit from, rather than having the U.S. come in and grab everything for itself like a privatization on behalf of the U.S. You see this kind of fight going on in Greece right now, where the eurozone said, Greece has to privatize its natural resources to pay the debt. Half the privatization last year was to be the sale of its gas rights.

PANITCH: And you know who's buying [crosstalk]

HUDSON: Well, it turned out that Gazprom [incompr.] And Europe said, never mind; don't sell them. We don't want Russia. Only us, not Russia.

PANITCH: But do you know who's buying the Port of Piraeus,–

HUDSON: The Chinese.

PANITCH: –one of the largest and more–. China.

HUDSON: China.

PANITCH: Chinese capitalists.

HUDSON: Right.

PANITCH: So, I'm sorry, I don't see the world in terms of competition amongst the capitalist classes of the world in the sense you're speaking of. I think there is a very deep integration on the part of the leading capitalists in these countries, including the domestic ones, into globalization. I think that's true of Vale in Brazil.

JAY: That's the world's largest iron ore company.

PANITCH: That's the world's largest iron ore company, which, sure, is competing with other iron ore companies. But it doesn't see itself as aligned against the American bourgeoisie or the American capitalist class. This is not right.

And moreover, I think that these capitalist classes very much want access to the deep financial markets of London and New York. They don't want to leave them; they want to be part of them. They want access to them. Indeed, they've been floating bond us in those markets–dangerously, in terms of volatility. So I think–and it has to be said the reason they do so is that their financial markets, their bond markets, even the European bond market relative to the London/New York access, remain extremely weak, extremely vulnerable. So it's also a matter of where the deep institutional strength of capitalism is.

I would make one other point. I don't think that finance, even Wall Street and London–the City of London finance is merely parasitic. I think it facilitates, it underwrites, it's very important in terms of hedging for all of the integrated production that goes on between China and the United States, between South Africa and Europe. This plays a functional role for all these value chains. Of course there's loads of speculation in this, but it means that industry is linked up with

this speculation. These aren't separated compartments. And you can't unscramble them.

HUDSON: I see that escape much more than you. Nobody's talking about Brazil and other countries not interacting with the London and New York money markets. What they don't want to do is to have the U.S. government and U.S. banks act as a threat, a threat against their countries. And of course they're trying to keep their–have other options apart from being tied into the U.S. as a system of control. They want to break free of U.S. control, basically, and European control is a satellite of the United States.

PANITCH: Yeah. But since politics and economics aren't so easily separated, their continuing interest and increased interest in being linked economically and financially means that the American state, given its superintending role of Wall Street and the City of London, will continue to have power vis-à-vis them. They would like to, as we've agreed, they'd like to have more room for maneuver in the face of that enormous power of the American Empire, but they are not interested in breaking from it.

JAY: Okay, guys, this is a wonderful beginning to a very complicated subject, and we are going to pick this up again. So I'd like tojust say to you our viewers, if you have questions you'd like me to ask, 'cause we'll ask both these gentlemen to come back and carry on this discussion, below the video make your comment, or you can just write to contact at www.therealnews.com, or you can go @therealnews on Twitter, send in your questions and comments, and we will pose them to our guests.

Leo, Michael, thank you very much for joining us.

PANITCH: Glad to be here, Paul.

http://michael-hudson.com/2014/07/escaping-the-dollar/

Stephen Goodson

A History of Central Banking and the Enslavement of Mankind

Reviewed by Fredrick Töben toben@toben.biz

Stephen Goodson dedicates his 207-page book to Knut Hamsun the Norwegian who in 1920 won the Nobel Prize in literature for his 1917 published book *Growth of the Soil*, a novel whose theme focuses on an idealized view where an individual is at one with nature and not against nature. For Hamsun even experiencing nature by proxy still means an individual's alienation from Nature. Interestingly, the current dogmatic Climate Change debate has perverted this interrelatedness to the point where it is asserted that human activity, for example taking a simple step, has an effect on the natural forces that make up our climate, which is a nonsense. If we have developed the capacity to control our climate, then why are there not little machines at every airport that enable planes to safely take-off and land when severe wind gusts sweep across runways?

An Ezra Pound quotation will upset some readers, i.e. if they let themselves be upset, because he mentions the two problems that have beset American Occidental-western history these past 2,000 years: *sheenies* and usury. I needed to look up what *sheenies* means.

A striking three-page Preface by Prince Mangosuthu Buthelezi, President of the South African Inkatha Freedom Party, sets the pervading tone of Stephen Goodson's work. Prince Buthelezi, who distances himself from the book' s expressed views, predicts that this book, written by someone who actually knows something about the money problem, will upset readers who do not know anything about the evils of usury and the process of money creation. He concludes his Preface by citing the now famous 27 April 1961 President Kennedy speech wherein is quoted the Athenian lawmaker Solon who decreed it is a crime for any citizen to shrink from controversy. Tell that to those who are adherents of the prevailing mindset that advocates politically correct public discourse and who with a vengeance hate any dissenting viewpoint.

I may add that the book's contents will also unsettle individuals who falsely believe that since 1994 South Africans have actually gained their freedom from soul-destroying apartheid. Goodson highlights the fact that since 1994 to the present the insidious nature of the private banking industry which remained hidden until then within the racist white South African political mould could not be hidden any longer under the veil of freedom and democracy . This is because even the prevailing rush to consumerism has failed to bring about the promised economic salvation that was to solve pressing social issues such as high rates of unemployment and declining services.

In our current western liberal democracies it has become a criminal matter to discriminate against any human value, except against the commodity called money. Try it out when next you fly economy class to your favourite destination and threaten to sue the airline for economic discrimination against you by placing you in economy class rather than in business class as you show the flight attendant your economy class boarding pass! The author's own brief Introduction will disturb accountants.

Remember the maxim: An accountant can place a price on everything but a value on nothing. Many certainly don't know the value of an historical narrative that imbues individuals with a normative civilizing impulse. If there is not a clear value-laden overarching narrative that gives meaning to their existence, a people cannot handle the essential inter-generational challenges it faces. The consumerism distraction hides this deeply flawed thinking process so effectively.

Goodson insists that the creation of money needs to rest with the people/nation state. It must be taken away from the private bankers who can only retain control of a flawed economic/monetary system by creating continuous bust-boom cycles that inevitably result in military conflicts all for the sake of wresting power unto themselves. In order to liberate ourselves from the clutches of the international bankers it is imperative we dismantle their fractional reserve system of banking. These brief introductory matters firmly contextualize the contents of Stephen Goodson's work. The problems raised and their proposed solutions are set out in eight chapters of varying length, and over 270 detailed footnotes augment the arguments therein with 100 titles listed in the selected bibliography. In the companion volume, *Inside the South African Reserve Bank Its Origins and Secrets Exposed,* Appendix One details how money is created out of nothing and what makes up the money supply coins, banknotes and

credit; Appendix Two looks at the Amendment to the Constitution of the Republic of South Africa needed so that finance and monetary reform can be enacted in order to enable debt-free and interestfree creation of money.

Chapter I spells out the destructive force inherent in usury, which Goodson claims destroyed the Roman Empire. I would augment that argument by pointing out that a parallel decline in moral standards contributes to such social and economic breakdown. Our current global troubles resemble this situation with the USA behaving like the Roman Empire. Goodson would insist and stress that the economic forces unleashed through usury and impacting on societal structures causes tragic human frailty to emerge, and thereby is directly responsible for societal breakdown. My argument would focus on the outgrowth of consumerism's fatal attraction if individuals resisted this process and retained a firm personal value system, then societal structures would remain healthy and sustainable, perhaps, i.e. the trite truism: if you don't spend too much money, you don't need too much money.

There is nothing new in this still timely debate because the thrust of the argument goes back to Aristotle, et al, who realized that the role of money is only to facilitate an easier exchange of goods, and that money of itself had better not become the object of any other value, i.e. it must not become a commodity. Tell that to those who thrive on the opium gambling dens called stock exchanges.

Of interest is Goodson's focus on the role played by Jews who entered the Roman Empire as craftsmen, peddlers, shopkeepers and money lenders but who then still retained their separation from the body politics. Through the flourishing of usury many outsiders then began to inflict suffering on their gullible hosts.

Goodson lists Consul Julius Caesar's social and monetary reforms that aimed to counter the upheaval caused by usury, which read like the modern manifestations of problems on a global scale, i.e. as found in India, China, Russia, Europe, USA, on the African continent, the Middle East and in various South American countries, property prices control, rents stability, free housing for poor citizens, government control of money creation, interest rates limited to one per cent per month, no compound interest, abolition of debt-slavery, and the trigger for Caesar's assassination: forcing aristocrats to employ their capital and not hoard it. Think of the US citizens that suffered damage in 2012's Hurricane Sandy; the US government promised help but citizens are still waiting for financial assistance to filter through to them. Does this mean that self-help has ceased to exist as a moral virtue, or that government agencies are totally corrupt?

The subsequent move to the gold standard and to the imposition of a church tax that converted into a process of gold hoarding in Constantinople and Rome, further hastened the end of the Roman Empire, which then simply became a parasitic organism, subject to alternating phases of inflation and deflation. Goodson's lesson is that a healthy society has a state-issued means of exchange that is free of debt and interest.

In *Chapter II* Goodson details how England, the once proud people of yeomen and peasants, out of indifference, has become a multi-cultural melting pot of debt slaves all because it permitted Jews to set up the current monetary system, which, in the form of the Bank of England, has certain of its operational aspects legally protected by the Royal Charter, Section 27(9) of the Companies Act of 1976, and the Official Secrets Act of 1989. While reading this I thought of how difficult it is to write any kind of history when so much material is still locked up in secret archives.

Chapter III details an example of an historically political/ financial success story the French Empire under Napoleon aimed to become financially independent and achieve autarky in the production of domestic consumer goods. Although achieved in part, it was thwarted by the Rothschild family's international financial dynasty, which used the resources of Russia, England and Prussia that were under their control to destroy Napoleon's dream of gaining for France financial independence.

If we recall how Hitler's Germany and its allies during World War Two also fought this financial monstrosity, then think of Iraq, Libya, Syria, Iran etc. and how these nations were not beholden to this financial clique and paid the price for it. Goodson's brief and clear narrative about Napoleon's endeavours, reveals how this attempt at extricating a nation from this murderous grip always ends in wars and physical destruction of countries that refuse to bend to that particular Jewish pressure.

Chapter IV focuses on the nitty-gritty of the process that enabled Jews to consolidate their control over global financial resources. The Bank of England's founding in 1694 and Nathan Rothschild's gaining control of it in 1815 are pivotal to the narrative. Goodson points out that at the beginning of the twentieth century there were only 18 central banks, mainly of European extraction.

The Commonwealth Bank of Australia was founded on 15 July 1912 and this led to extraordinary economic developments that ceased when the bank became a member of the International Monetary Fund, which is subject to the rules and regulations of Rothschild's Bank for International Settlements.

The political ramifications of this banking consolidation Goodson says, led to World War One which aimed to destroy the Russian Empire and its State Bank, the break-up of the German, Austrian-Hungarian and Ottoman empires, and to gain control over the resultant smaller states through central banks and finally to the establishing of the Jewish State of Israel in Palestine.

Chapter V introduces the reader to the twentieth century's Great Depression and its horrendous effects, especially upon primary production that led to a terrific liquidation of all agricultural products and an orgy of speculations on the Stock Exchange.

Although there is a passing reference to C H Douglas social credit and I. N. Fisher's Chicago Plan, it was Dr Gottfried Feder's May 1919 talk on The Abolition of Interest Servitude that brought about a global re-think of monetary reform. Adolf Hitler mentions his attending Feder's talk in *Mein Kampf* because the core essence of the NSDAP political program is "the sham state of today, oppressing the working classes and protecting the pirated gains of bankers and stock exchange speculators, is the area for reckless private enrichment and for the lowest political profiteering."

Italy and Japan followed suit with South Africa to this day battling its traditional 1652 established banking power base, which is in the hands of a clique of criminal

bankers, who continue to exploit and enslave the people of South Africa.
The 40-odd pages that make up *Chapter III* in the companion volume *Inside the SA Reserve Bank*, is a gripping narrative of how Stephen Goodson was removed from the South African Reserve Bank as a board member and how an allegation of so-called Holocaust denial was used to achieve that end. I do not wish to list the intrigues, the machinations and other such matters that Goodson endured because this first-hand account is a must-read for anyone interested in such facts-of-life battle-ofthe- wills, and how only individuals whose moral and intellectual integrity is still intact can survive such personal attacks. It must be the only account of an insider's view of a reserve bank whose structure is externally controlled which is, of course, the basic theme of Goodson's book.
Let me state that Stephen Goodson's appearance on Deanna Spingola's program[1] in the USA on 28 June 2011 contributed to his termination as a director. What's the saying about the enemy listening in?
It must be noted that besides the personal details offered by Goodson in this narrative, his technical knowledge of what good governance of an organisation entails, makes him an ideal candidate for at least a couple of honorary PhDs!
Anyone who has up to this point closely read the book's six chapters can now in *Chapter VII* expect to find information that will detail where in the world a functioning economy operates under such ideal conditions where usury has been banished. Goodson does not disappoint.
If the problems caused by central and fractional banking are to be solved, then it is imperative that what must happen is what Goodson's thesis spells out in no uncertain terms: central banks need to be reformed and converted into government owned monopolies, if the impending economic and demographic collapse is to be averted.
The list of countries where state banks operate a healthy economy is not long. Historically it was Australia, France, Germany, Italy, Japan and Russia where state-owned banking was a success. Now the US state of North Dakota is such a success story where, for example, the State Bank pays its profits to the North Dakota government.

[1] https://ia600608.us.archive.org/22/items/DeannaSpingolaAndStephenGoodsonHistoryOfTheJewishBankersAndTheir/DeannaSpingolaAndStephenGoodsonHistoryOfTheJewishBankersAndTheirOngoingWarAgainsGermany.ogv

There has been no credit crisis or credit freeze in North Dakota, as the bank provides the state's own credit. By having established its own economic sovereignty, North Dakota has become the most financially viable and prosperous state in the USA. Likewise with the States of Guernsey. The Central Bank of Libya's success story explains why predatory capitalism of western liberal democracies needed to destroy that country.
Libya exhibited the classic symptoms of full employment, zero inflation and a modern day workers paradise.

- Free education.
- Students were paid the average salary for which subject they were studying.
- Students studying overseas were provided with accommodation, automobile and €2,500 per annum.
- Free electricity.
- Free health care.
- Free housing - there were no mortgages.
- Newly wed couples received a gift of 60,000 dinar ($50,000) from government.
- Automobiles were sold at factory cost free of interest.
- Private loans were provided free of interest.
- Bread cost 15 US cents per loaf.
- Gasoline cost 12 US cents per litre.
- Portion of profits from sale of oil was paid directly into bank accounts of citizens.
- Farmers received free land, seeds and animals.
- Full employment with those temporarily unemployed paid a full salary as if employed.

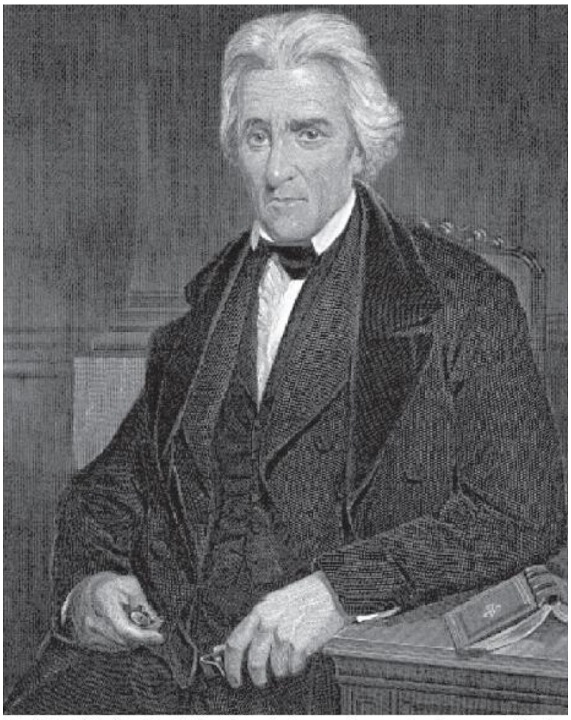
Goodson ends the book on a somber note, a dire prediction, especially for his home country South Africa:
The excessive concentration of power and wealth, based exclusively on fraudulent banking methods, has enabled a tiny minority of criminal bankers to control the media and educational processes, and thereby to brainwash a mindless and atomized humanity, deluded by the spurious comforts of democracy and materialism, into the suicidal practices of savage, bloody and pointless wars, central banking and cultural degradation, which will eventually result in its demographic extinction.
The book is a must-read and can be ordered from the following outlets in Australia and NZ: Dennis Jones & Associates, James Bennett / ALS / DA Information Services, Mercury Retail Ltd, Word of Distributors, www.Fishpond.com


Napoléon establishes the Banque de France November 18, 1800.


Treaty of Tilsit - Napoléon and Tsar Alexander I sign the treaty on a raft on the Neman river.

First Bank of the United States built in Philadelphia in 1795. The principal shareholder of the bank was Mayer Amschel Rothschild (1744-1812).

Murder of British Prime Minister Spencer Perceval by Rothschild assassin, John Bellingham.



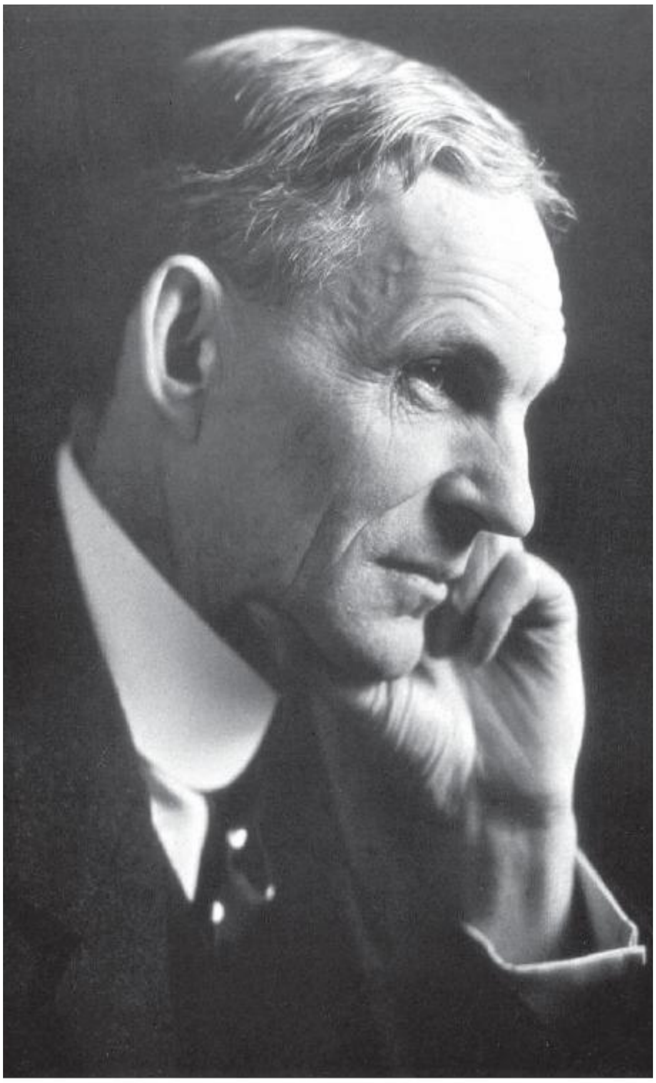
The "People's President", Andrew Jackson, who survived an assassinatior attempt prior to vetoing a bill that would have renewed the charter for the Rothschild owned Second Bank of the United States.

In the US House of Representatives Swedish-American Charles Augus Lindbergh attacked the Banking and Currency Bill as being "the schemies legislative crime of all ages".

Senator Robert Marion "Fighting Bob" La Follette who did all in his power to prevent passage of the Banking and Currency Bill and its planned enslavement of the American people.

The State Bank of the Russian Empire in Nelinnaya 12, Moscow. This same building now houses the Central Bank of the Russian Federation.

His Imperial Majesty Tsar Nicholas II. His State Bank of the Russian Empire bestowed on his people abundance and benefits unparalleled in the history of mankind.



Automobile pioneer, Henry Ford, identified the international Jewis bankers as being the instigators of World War I, expressing his views i *The International Jew* published by the *Dearborn Independent* newspaper

King O'Malley (1854-1953) who was the inspiration for the founding of Australia's state bank, the Commonwealth Bank of Australia.

Illusion and reality - unemployment line Chicago 1937.

U.S. Congressman Louis Thomas McFadden served as Chairman of the United States House Committee on Banking (1920-1931). His persistent exposure of the US Federal Reserve Bank's "gigantic train of crime" led to his assassination on October 1, 1936.

His proposals for social credit and state banking were accepted by the governments of Alberta, Canada and the Empire of Japan.

"Wilhelm Gustloff" (25,484 gross tons) named after the leader of the Swiss National Socialists. As part of the *Kraft durch Freude* (Strength through Joy) programme, German workers earning less than RM300 a month were able to embark on cruises to exotic destinations. However, these cruise ships were forbidden entry into British ports for fear of creating unrest and envy amongst deprived and unemployed British workers.

Interior of the "Wilhelm Gustloff".

By September 1939 the Reichsautobahn covered 2,400 miles (3,862 km). It was aesthetically designed to serve not only a utilitarian purpose, but to provide the motorist with scenery and striking views.

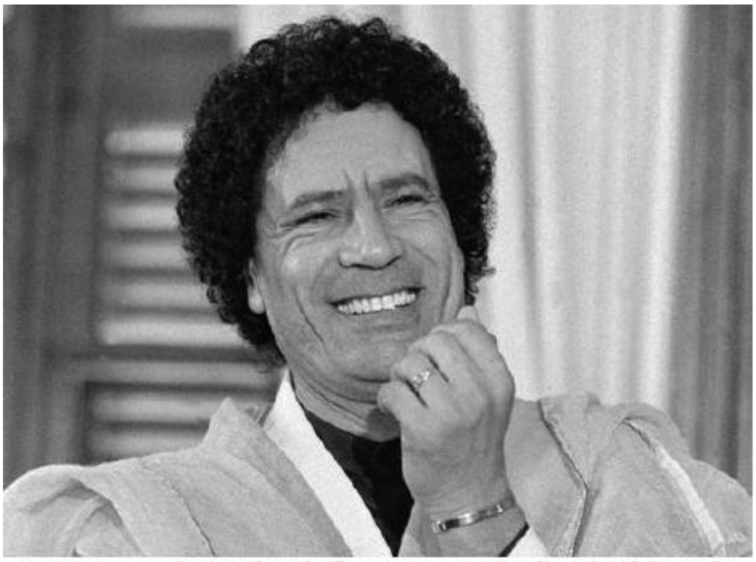
The People's Car - Adolf Hitler visits the "Volkswagen" factory in Wolfsburg, 1938. The proposed name of the new town was Hitlerstadt, but Hitler demurred preferring his pseudonym Wolf instead.

Benito Mussolini inspects progress on the draining of the Pontine Marshes - one of his engineering triumphs which transformed this malarial region into a thriving agricultural area.

Japan's challenge to US and European car manufacturers - The small Datsun automobile was to sell for less than the the lowest priced US or UK cars and was in trial order stage for India, Czechoslovakia, and Great Britain. Prince Chichbe, brother to Emperor Hirohito, is shown seated in the car at the Japanese Industrial Association Plant in Yokohama in December 1934.

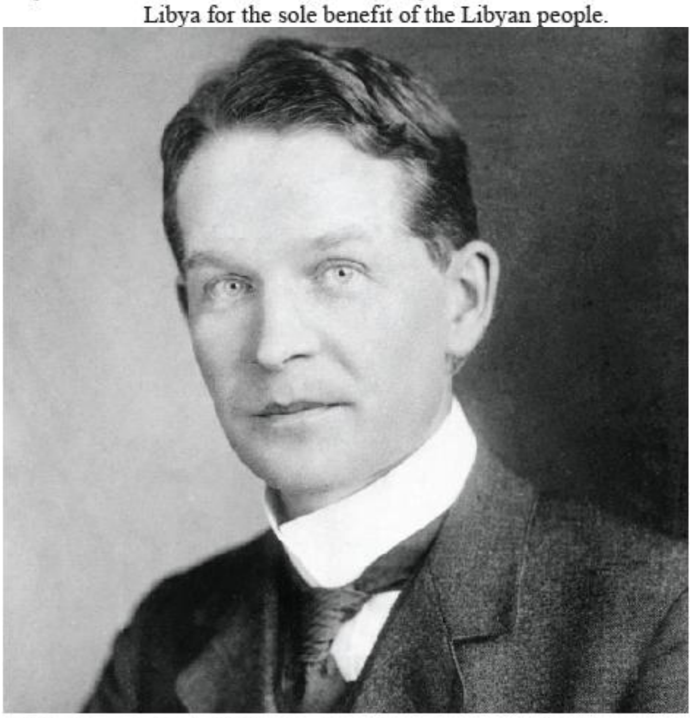
North Dakota's thriving state bank which was founded by a coalition of farmers in 1919.

The Old Market Place, St Peter Port, Guernsey was financed in 1816 by the issue of £6,000 in interest free and debt free bank notes.



Mu'ammar Muhammad Qathafi - He was a strict disciple of the Holy Q'uran, who abolished all forms of usury and used the Central Bank of Libya for the sole benefit of the Libyan people.

Senator Carter Glass whose legislation, which prohibited bank holding companies from owning financial institutions and separated banks from investment houses, was reversed in 1999 with devastating consequences.



Nobel laureate Frederick Soddy, whose views on money and banking were grounded in physics, exposed the fallacy of perpetual economic growth.

***

A History of Central Banking and the Enslavement of Mankind is Stephen Mitford Goodson's companion volume to ***Inside the South African Reserve Bank Its Origins and Secrets Exposed***. While the latter volume describes the mechanics of the fraudulent usury banking system, with a focus on Goodson's experiences as a director of the SA Reserve Bank, this volume expands the focus to encompass the role of banking and money in history from ancient times to the present. The role of money-lenders in history was once aptly termed by many acute observers as the "Hidden Hand." It is the power to create, lend and accumulate interest on "credit," and then re-lend that interest for further interest, in perpetuity, that creates pervasive, worldwide debt, from the individual, to the family, to the entire state.

The ability to operate a fraudulent credit and loan system has long been known, and through all the slickness of a snake-oil salesman, the money-lenders – the same types Jesus whipped from the Temple – have persuaded governments that banking is best left to private interests. Many wars, revolutions, depressions, recessions, and other social upheavals, have been directly related to the determination of these money-lenders to retain and extend their power and profits. When any state, individual or idea has threatened their scam they have often responded with wars and revolutions.

The cultural and material progress of a civilization will often relate to the degree by which it is free from the influence of debt, and the degradation that results when the money-lenders are permitted to regain power. Hence, Goodson shows that both World Wars, the Napoleonic wars, the American Revolution, the rise and fall of Julius Caesar, the overthrow of Qathafi in Libya and the revolution against Tsar Nicholas, among much else relate to this "Hidden Hand" in history. This is the key to understanding the past, present and future.

A History of Central Banking

and the Enslavement of Mankind

Author: Stephen Mitford Goodson

ISBN-13: 9780992736538

Publishing Date: 2014-10-10

Publisher: Black House Publishing Ltd

Price: £14.00

Black House Publishing Ltd, Kemp House
152 City Road, London,United Kingdom, EC1V 2NX
Telephone: UK : 0843 289 1781
www.blackhousepublishing.com/product/product&product_id=128

Australia and NZ:
Dennis Jones & Associates, James Bennett / ALS / DA Information Services, Mercury Retail Ltd, Word of Distributors, www.Fishpond.com